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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:	:	Chapter 11
	:	
DELPHI CORPORATION, <u>et al.</u> ,	:	Case No. 05-44481 (RDD)
	:	
Debtors.	:	(Jointly Administered)
-----X	:	

**LIMITED RESPONSE OF LIQUIDITY SOLUTIONS, INC., AS ASSIGNEE,
TO DEBTORS' TWENTY-SEVENTH OMNIBUS OBJECTION PURSUANT
TO 11 U.S.C. § 502(b) AND FED. R. BANKR. P. 3007 TO CERTAIN CLAIMS
TO IMPLEMENT CURE PAYMENTS AND MODIFY GENERAL
UNSECURED CLAIMS BY AMOUNT OF CURE PAYMENTS**

Liquidity Solutions, Inc. d/b/a Revenue Management ("LSI"), as assignee of certain original creditors, hereby files its limited response (the "Response") to the Debtors' Twenty-Seventh Omnibus Objection Pursuant to 11 U.S.C. § 502(b) and Fed. R. Bankr. P. 3007 to Certain Claims to Implement Cure Payments and Modify General Unsecured Claims by Amount of Cure Payments (the "Twenty-Seventh Omnibus Objection" or the "Objection").¹ In support of its Response, LSI respectfully states as follows:

¹ Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Twenty-Seventh Omnibus Objection.

BACKGROUND

1. On October 8, 2005 and October 14, 2005, Delphi Corporation (“Delphi”), Delphi Automotive Systems LLC (“Automotive”) and certain of Delphi’s U.S. subsidiaries and affiliates (collectively, the “Debtors”) filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Court”). An order confirming the First Amended Joint Plan of Reorganization of Delphi Corporation and Certain Affiliates, Debtors and Debtors-in-Possession (the “Plan”) was entered by this Court on January 25, 2008.

2. On various dates during the pendency of these chapter 11 cases, LSI entered into agreements with certain original creditors (each, an “Assignor”) for assignment of certain claims against the Debtors (each, an “Assigned Claim” and collectively, the “LSI Assigned Claims”), and LSI duly filed notices of transfer of claim pursuant to Rule 3001(e) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), as follows:

<u>Original Creditor</u>	<u>Claim No.</u>	<u>Claim Amount²</u>	<u>Date of Transfer</u>	<u>Transfer Docket No.</u>
Bei Duncan Electronics	15493	\$5,762.88	6/8/06	4068
Detroit Heading LLC	2387	\$61,578.63	2/17/06	2418
Freeway Corporation	15469	\$1,501.00	3/14/06	2810
NN Ball and Roller Inc.	7289	\$104,313.33	3/31/06 ³	3053
St. Mary’s Carbon Co. Inc.	11854	\$49,788.00	7/20/06 ⁴	4629
Zylux Acoustic Corp.	805	\$310,941.94	6/13/07	8236

Pursuant to the underlying agreement between LSI and each of the Assignors, LSI was assigned (i) all right, title and interest in and to the respective Assigned Claims and any distributions thereon, (ii) the right to payment of any “cure” amounts within the meaning of section 365 of the

² All claim amounts listed below are asserted as non-priority unsecured claims.

³ An amended transfer was filed on October 15, 2007 [Docket No. 10599].

⁴ The related notice of transfer has been amended from time to time, the latest of which was filed on October 15, 2007 [Docket No. 10590].

Bankruptcy Code that may be related to contracts giving rise to each of the respective Assigned Claims that are assumed (or assumed and assigned) by any Debtor, and (iii) the right to receive any and all distributions on account of such cure amounts.

3. On or about February 15, 2008, the Debtors filed the Twenty-Seventh Omnibus Objection [Docket No. 12687], objecting to, among other claims, each of the above-listed LSI Assigned Claims, as follows:

Assigned Claim	Claim No.	Filed Claim Amt.	Claim Amt. Per Objection	Purported Basis for Objection
Bei Duncan Electronics	15493	\$5,762.88 unsecured	\$5,762.88 Priority	Claims Subject to Modification Due to Cure
Detroit Heading LLC	2387	\$61,578.63 unsecured	\$49,326.96 priority; \$11,549.98 unsecured	Claims Subject to Prior Orders and to Modification Due to Cure
Freeway Corporation	15469	\$1,501.00 unsecured	\$1,501.00 priority	Claims Subject to Modification Due to Cure
NN Ball and Roller Inc.	7289	\$104,313.33 unsecured	\$104,313.33 priority	Claims Subject to Modification Due to Cure
St. Mary's Carbon Co. Inc.	11854	\$49,788.00 unsecured	\$49,788.00 priority	Claims Subject to Modification Due to Cure
Zylux Acoustic Corp.	805	\$310,941.94 secured	\$291,767.68 priority	Claims Subject to Prior Orders and to Modification Due to Cure

The Debtors' basis for the modifications to the LSI Assigned Claims sought pursuant to the Twenty-Seventh Omnibus Objection is that such claims relate to certain material supply agreements and/or contracts involved in businesses of which the Debtors are divesting themselves, which agreements the Debtors will be assuming (or assuming and assigning) either by operation of the Plan or pursuant to separate orders of the Court. See Objection, at ¶¶ 23-24. Upon each such Contract Assumption, under section 365 of the Bankruptcy Code, the Debtors will be required to cure all outstanding defaults under the agreement in question. As such, the Debtors seek an order of the Court modifying the classification and/or amount of affected claims

due to cure payments that the Debtors expect to make on account of Contract Assumptions. See id. at ¶ 22.

4. In addition to the foregoing, the Debtors have stated their intent to make the anticipated cure payments upon the Effective Date of the Plan to the Assignors of the foregoing Assigned Claims. See id. at ¶ 24 (“Upon assumption of the contracts by the Debtors, or as soon thereafter as practicable, the non-Debtor contract counterparties will receive payments to cure the defaults on the contracts.”); ¶ 25 (“...certain Claims will be satisfied in whole or in part by a cure payment that the Debtors will make to counterparties to executory contracts or unexpired leases under which such Claim arose.”).

LIMITED RESPONSE TO OBJECTION

5. LSI does not object to the modifications to the Assigned Claims proposed by the Debtors in the Twenty-Seventh Omnibus Objection since, working in conjunction with each respective Assignor, LSI assented to the Debtors’ proposed cure amount in each case. However, once the relief sought by the Objection is granted, what the Debtors will have set up is a situation in which LSI will be the actual record holder of a number of priority claims – as clearly set forth on the Debtors’ own exhibits to the Twenty-Seventh Omnibus Objection – but payment on account of these priority claims held by LSI actually will be made to another entity.

6. LSI has, on several occasions – both in pleadings filed with this Court and otherwise – requested that the Debtors make any cure payments associated with claims assigned to LSI directly to LSI. On each such occasion, LSI’s request has been met with opposition by the Debtors and their counsel who cite, among other things, the order entered by the Court in connection with solicitation of the Plan vote (the “Solicitation Procedures Order”) [Docket No.

11389], for the proposition that the Debtors need only negotiate with – and make payments to – original contract counterparties in matters of assumption, assumption and assignment, and cure.

7. LSI does not seek to undo the Solicitation Procedures Order in any way. Indeed, it is important to note that LSI's request is not inconsistent with the Solicitation Procedures Order, which *authorizes* – but does not *require* – the Debtors to pay the original contract counterparties in connection with a Contract Assumption. See Solicitation Procedures Order, at ¶ 43 (“The Debtors are authorized, but not directed, to remit resolved, uncontested or adjudicated distributions on account of cure directly to the contract party whose contract is being assumed or assumed and assigned.”).

8. LSI simply believes that, given the consensual nature of both the assumption of the contracts underlying the Assigned Claims and the amount of the cure payment required in connection therewith, the primary rationales articulated by the Debtors for dealing with original contract counterparties as opposed to third-party claims purchasers– upholding the integrity of the cure process and preventing interference with the Debtors' relationships with their suppliers⁵ – are mooted at this stage of the process, where all that is left is the ultimate payment of the cure. Especially where the contract counterparties in question affirmatively assigned their Claims to LSI (expressly including cures) and submitted the applicable cure notices at LSI's behest and according to LSI's direction, payment directly to LSI should not prejudice the Debtors or their supplier relationships.

9. In sum, LSI does not take issue with the relief requested in the Twenty-Seventh Omnibus Objection, but files this limited Response to respectfully reiterate its request to

⁵ See, e.g., Debtors' Omnibus Reply in Support of Expedited Motion to Strike (I) Non-Conforming Cure Amount Notices and (II) Improper Objections Pursuant to Solicitation Procedures Order, Confirmation Order, Plan of Reorganization, 11 U.S.C. § 105(a), and Fed. R. Bankr. P. 9010 [Docket No. 12773] (the “Reply”) and accompanying exhibits thereto.

have the associated cure amounts paid to it directly.

Dated: Hackensack, New Jersey
March 12, 2008

Respectfully submitted,
LIQUIDITY SOLUTIONS, INC.

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